



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 914 012 902  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KNOT SHUTTLE TANKERS 24 AS  
Forretningsadresse: Smedasundet 40  
5529 HAUGESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl Gerhard Bråstein Dahl  
Dato for fastsettelse av årsregnskapet: 10.03.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 28.03.2023



## Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Freight income	2	161 785 190	196 489 297
Other income		106 545	12 248
<b>Sum inntekter</b>		<b>161 891 735</b>	<b>196 501 545</b>
<b>Kostnader</b>			
Crew-hire	12	22 112 065	22 375 766
Ordinary depreciation	4	46 407 699	48 709 254
Other operating expenses		21 038 323	17 903 987
Administration	8	6 353 434	6 444 173
<b>Sum kostnader</b>		<b>95 911 522</b>	<b>95 433 181</b>
<b>Driftsresultat</b>		<b>65 980 213</b>	<b>101 068 364</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	6	349 682	78 530
Foreign exchange gain/loss		1 969 618	-848 363
<b>Sum finansinntekter</b>		<b>2 319 300</b>	<b>-769 833</b>
Financial expenses	6	33 759 269	39 279 459
<b>Sum finanskostnader</b>		<b>33 759 269</b>	<b>39 279 459</b>
<b>Netto finans</b>		<b>-31 439 969</b>	<b>-40 049 292</b>
<b>Ordinært resultat før skattekostnad</b>		<b>34 540 244</b>	<b>61 019 072</b>
Taxes	11		
<b>Ordinært resultat etter skattekostnad</b>		<b>34 540 244</b>	<b>61 019 072</b>
<b>Årsresultat</b>		<b>34 540 244</b>	<b>61 019 072</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>34 540 244</b>	<b>61 019 072</b>
<b>Totalresultat</b>		<b>34 540 244</b>	<b>61 019 072</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Vessel	4	881 733 671	920 724 129
<b>Sum varige driftsmidler</b>		<b>881 733 671</b>	<b>920 724 129</b>
<b>Finansielle anleggsmidler</b>			
Financial contracts	5	2 086 606	2 740 913
<b>Sum finansielle anleggsmidler</b>		<b>2 086 606</b>	<b>2 740 913</b>
<b>Sum anleggsmidler</b>		<b>883 820 277</b>	<b>923 465 042</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventories	13	7 023 514	1 392 432
<b>Sum varer</b>		<b>7 023 514</b>	<b>1 392 432</b>
<b>Fordringer</b>			
Receivables	7	7 722 412	4 425 536
Konsernfordringer		61 604	
<b>Sum fordringer</b>		<b>7 784 016</b>	<b>4 425 536</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bank deposits	3	58 358 276	18 688 421
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>58 358 276</b>	<b>18 688 421</b>
<b>Sum omløpsmidler</b>		<b>73 165 806</b>	<b>24 506 389</b>
<b>SUM EIENDELER</b>		<b>956 986 083</b>	<b>947 971 431</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital

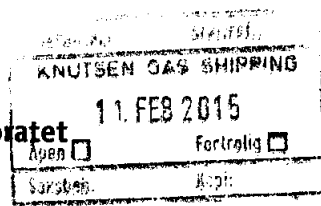


### Balanse

Beløp i: NOK	Note	2021	2020
<b>Innskutt egenkapital</b>			
Share capital	9, 10	100 000	100 000
Annen innskutt egenkapital		223 337 540	227 081 265
<b>Sum innskutt egenkapital</b>		<b>223 437 540</b>	<b>227 181 265</b>
<b>Opptjent egenkapital</b>			
Other equity		88 743 476	69 896 047
<b>Sum opptjent egenkapital</b>		<b>88 743 476</b>	<b>69 896 047</b>
<b>Sum egenkapital</b>	9	<b>312 181 016</b>	<b>297 077 312</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Obligasjonslån	5	6 698 249	4 939 522
Gjeld til kredittinstitusjoner	5	622 946 243	639 043 983
Other non-current liabilities	5		
<b>Sum annen langsiktig gjeld</b>		<b>629 644 492</b>	<b>643 983 505</b>
<b>Sum langsiktig gjeld</b>		<b>629 644 492</b>	<b>643 983 505</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	7	3 848 547	1 295 120
Kortsiktig konserngjeld		1 550 430	1 274 368
Accrued interest	5	1 927 649	2 594 207
Other current liabilities		7 833 949	1 746 919
<b>Sum kortsiktig gjeld</b>		<b>15 160 575</b>	<b>6 910 613</b>
<b>Sum gjeld</b>		<b>644 805 067</b>	<b>650 894 118</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>956 986 083</b>	<b>947 971 431</b>



Skattedirektoratet



Saksbehandler  
Torstein Kinden Helleland

Deres dato  
30.01.2015

Vår dato  
09.02.2015

Telefon  
22078139

Deres referanse  
Geir Tore Henriksen

Vår referanse  
2015/87104

KNUTSEN OAS SHIPPING AS  
Postboks 2017  
5504 HAUGESUND

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 30. januar 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

KNOT Shuttle Tankers 30 AS	org. nr. 914 716 527
KNOT Shuttle Tankers 31 AS	org. nr. 914 750 326
Knutsen Technology AS	org. nr. 991 517 553
KNOT Shuttle Tankers 23 AS	org. nr. 913 154 576
KNOT Shuttle Tankers 28 GP AS	org. nr. 914 450 160
KNOT Shuttle Tankers 28 LP AS	org. nr. 914 450 063
KNOT Shuttle Tankers 27 AS	org. nr. 914 021 456
KNOT Shuttle Tankers 29 AS	org. nr. 914 450 055
KNOT FSO 2 AS	org. nr. 814 450 112
KNOT Shuttle Tankers 24 AS	org. nr. 914 012 902
KNOT Shuttle Tankers 25 AS	org. nr. 914 006 600
KNOT Shuttle Tankers 26 AS	org. nr. 914 021 251

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskap dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Skattedirektoratet innvilget i vedtak 09/867030 av 2. juni 2010, TS Shipping Invest AS samt en rekke navngitte datterselskap dispensasjon fra kravet om å utarbeide årsregnskap og -beretning på norsk språk. Konsernet ønsker nå å søke om samme dispensasjon for ytterligere et antall selskap som inngår i konsernet. Alle selskapene inngår i konsernregnskapet til TS Shipping Invest AS. Selskapene det søkes om dispensasjon for er enten eid 100 % av TS Shipping Invest AS, eller 50 % av TS Shipping Invest AS og 50 % av det nederlandske selskapet NYK Logistics Holding (Europe) B.V. Alle selskapene i konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper.

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



**Skattedirektoratets vurdering og konklusjon**

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir negativt berørt ved en eventuell dispensasjon.

De samme fakta og argument for dispensasjon foreligger i denne søknaden som ble vurdert ved innvilgelse av dispensasjon for konsernspissen og enkelte søsterselskap. Selskapenes aktivitet er knyttet til en internasjonal bransje hvor engelsk språk benyttes både internt i selskapene samt mot aksjonærer, og i kommunikasjon med eksterne forretningspartnere. Videre er eierkretsen begrenset.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

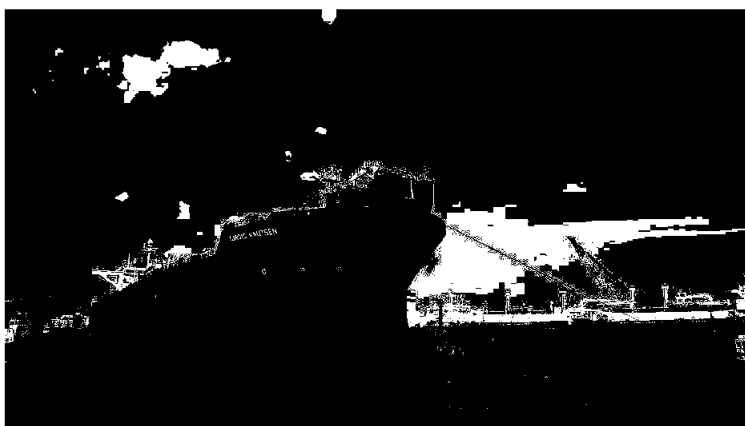
Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*



# KNOT Shuttle Tankers 24 AS

## Annual Report 2021



M/T "Tordis Knutsen"

**KNOT**  
Offshore Partners LP



## KNOT SHUTTLE TANKERS 24 AS

### REPORT OF THE BOARD OF DIRECTORS 2021

KNOT Shuttle Tankers 24 AS owns one 158 000 dwt suez-max DP2 shuttle tanker, M/T Tordis Knutsen, delivered from Hyundai Heavy Industries (HHI) Shipyard in South Korea in 2016.

The company operates out of Haugesund, Norway and has no employees and working environment. KNOT Management AS in Haugesund manages the daily operations of the company and the vessel in accordance with separate agreements.

#### **The company's activity**

The vessel has in 2022 been in Portugal for the 5 year class renewal and special survey and after sea-trials and testing at the yard mobilized back to Brazil for final testing and approval before the vessel started on a five-months fixed time charter with charterers options to extend up to 30-days with Petroleo Brasileiro S/A – Petrobras. The company have fixed a three-year fixed contract with Brazil Shipping I Limited, schedule to commence in 2023.

#### **Result for the year**

The operating result for KNOT Shuttle Tankers 24 AS was NOK 65 980 213 in 2021 compared to NOK 101 068 364 in 2020. After net financial loss of NOK 31 439 969 in 2021, against a loss of NOK 40 049 292 in 2020, the profit for the year were NOK 34 540 244 in 2021 compared to NOK 61 019 072 in 2020.

The Board of Directors suggests the result for the year transferred to other equity.

Total cash flow from operating activities in the company was NOK 85 452 002, NOK 121 217 832 in 2020. The liquidity position was NOK 58 358 276 as per 31.12.2021 compared to NOK 18 688 421 as per 31.12.2020. The company's ability to finance its investments is good. The company refinanced the vessel in 2021 together with several group companies in a fleet financing for a new five-year period and outstanding mortgage loan is at the end of 2021 USD 74 504 680, USD 75 871 000 in mortgage debt at the end of 2020.

The company's short-term debt per 31.12.2021 was 2.4 % of total debt (1.1 % in 2020).

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Since most the company's operating expenses and financial costs also are denominated in USD, this limits the company's foreign exchange risk. The company has not entered into any forward contracts or other agreements to reduce the company's foreign exchange risk, and thereby operating related market risk.

The company is also exposed to changes in the interest rate level, as its long-term debt carrying floating interest rate. The company has four interest rate swaps agreement in the amount of USD 107.2 million to reduce the company's interest rate risk.

Total capital was by the end of the year NOK 956 986 083, NOK 947 971 431 at the end of 2020. The equity share as of 31.12.2021 was 33 %, compare to 31 % as of 31.12.2020.



The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern. The Board of Directors confirms that the Financial Statements give a true picture of the company's assets and liabilities, financial position and results.

#### **The environment safety and quality control**

The requirements for a safety operation of ships are increasing, and both the company and the manager KNOT Management AS are concerned with an operational excellence. KNOT Offshore Partners Group's fleet consists of ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ships are maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources to the quality assurance and there are strict requirements for safety systems and an operation of the ships.


The company is not aware of any significant pollution to the external environment, and the Board of Directors considers the working conditions on-board the vessel as satisfactory. M/T Tordis Knutsen are certified in accordance with both ISM code and the ISPS code.

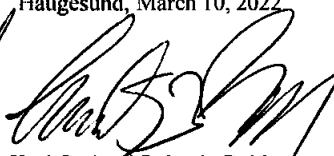
The company have no employees and thus no working environment. The company aims to be workplace where there is no discrimination related to gender, ethnicity, religion, or disability. The company aims to avoid gender discrimination regarding salary, promotion and recruiting. The members of the Board of Directors are all men. There have not been taken out any board of directors liability insurance.

#### **Prospects**

M/T Tordis Knutsen is operated on a mid-term charter with Petrobras. The charterer and trading area is well known for the manager and the Board of Directors. The Board of Directors expect that 2022 will be a stable profitable year for the company and that the company.

Haugesund, March 10, 2022

  
Trygve Seglem  
Chairman of the Board/CEO

  
Karl Gerhard Bråstein Dahl  
Member of the Board

  
Takashi Domyo  
Member of the Board



**KNOT Shuttle Tankers 24 AS**

**Profit & Loss Account**

	Note	2021	2020
<b><u>Operating Income</u></b>			
Freight income	2	161 785 190	196 489 297
Other income		106 545	12 248
<i>Total Operating income</i>		<u>161 891 735</u>	<u>196 501 545</u>
<b><u>Operating Expenses</u></b>			
Crew-hire	12	22 112 065	22 375 766
Other operating expenses		21 038 323	17 903 987
Administration	8	6 353 434	6 444 173
<i>Total Operating Expenses</i>		<u>49 503 823</u>	<u>46 723 927</u>
Ordinary depreciation	4	46 407 699	48 709 254
<i>Operating Result</i>		<u>65 980 213</u>	<u>101 068 364</u>
<b><u>Financial Income and Expenses</u></b>			
Financial income	6	349 682	78 530
Foreign exchange gain/loss		1 969 618	-848 363
Financial expenses	6	-33 759 269	-39 279 459
<i>Net Financial Items</i>		<u>-31 439 969</u>	<u>-40 049 292</u>
<i>Result before taxes</i>		<u>34 540 244</u>	<u>61 019 072</u>
Taxes	11	0	0
<i>Result for the year</i>		<u>34 540 244</u>	<u>61 019 072</u>



**KNOT Shuttle Tankers 24 AS**  
**Balance Sheet as of 31. December**

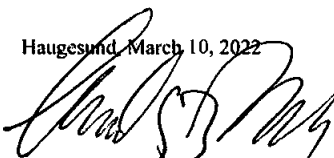
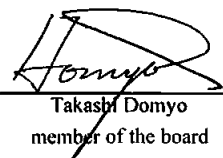
	Note	2021	2020
<b><u>Assets</u></b>			
<b><u>Fixed assets</u></b>			
Vessel	4	881 733 671	920 724 129
Financial contracts	5	2 086 606	2 740 913
<i>Total Fixed Assets</i>		<b><u>883 820 277</u></b>	<b><u>923 465 042</u></b>
<b><u>Current Assets</u></b>			
Inventories	13	7 023 514	1 392 432
Receivables	7	7 722 412	4 425 536
Current receivables group		61 604	0
Bank deposits	3	58 358 276	18 688 421
<i>Total Current Assets</i>		<b><u>73 165 806</u></b>	<b><u>24 506 389</u></b>
<i>TOTAL ASSETS</i>		<b><u>956 986 083</u></b>	<b><u>947 971 431</u></b>



**KNOT Shuttle Tankers 24 AS**  
**Balance Sheet as of 31. December**

	Note	2021	2020
<b><u>Shareholders Equity and Liabilities</u></b>			
<b><u>Equity</u></b>			
Share capital	9, 10	100 000	100 000
Other paid-up equity		223 337 540	227 081 265
<i>Total capital paid-in</i>		<u>223 437 540</u>	<u>227 181 265</u>
Other equity		88 743 476	69 896 047
<i>Total Shareholders' Equity</i>	9	<u>312 181 016</u>	<u>297 077 312</u>
<b><u>Long Term Liabilities</u></b>			
Financial instruments	5	6 698 249	4 939 522
Liabilities to financial institutions	5	622 946 243	639 043 983
<i>Total Long Term Liabilities</i>		<u>629 644 492</u>	<u>643 983 505</u>
<b><u>Current Liabilities</u></b>			
Accounts payable	7	3 848 547	1 295 120
Accrued interest	5	1 927 649	2 594 207
Current liabilities group		1 550 430	1 274 368
Other current liabilities		7 833 949	1 746 919
<i>Total Current Liabilities</i>		<u>15 160 575</u>	<u>6 910 613</u>
<i>Total liabilities</i>		<u>644 805 067</u>	<u>650 894 118</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<u>956 986 083</u>	<u>947 971 431</u>

Haugesund, March 10, 2022

 Torgve Seglem chairman of the board	 Karl Gerhard Bråstein Dahl member of the board	 Takashi Domyo member of the board
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## KNOT SHUTTLE TANKERS 24 AS

### CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	86 191 611	121 056 804
Change in working capital	<u>-739 609</u>	<u>161 028</u>
Net cashflow from operations	<u>85 452 002</u>	<u>121 217 832</u>
Net investment on vessel	<u>-7 417 241</u>	<u>0</u>
Net cashflow from investments	<u>-7 417 241</u>	<u>0</u>
Proceeds from long term-debt	640 791 264	0
Capitalized debt issuance costs	-7 095 755	0
Repayment of long-term debt	-652 623 875	-47 169 826
Dividend paid-out	<u>-19 436 540</u>	<u>-79 836 260</u>
Net cashflow from financing	<u>-38 364 906</u>	<u>-127 006 086</u>
Net cashflow for the year	39 669 856	-5 788 254
+ Cash balance per 01.01.	<u>18 688 421</u>	<u>24 476 674</u>
= Cash Balance per 31.12.	<u><b>58 358 276</b></u>	<u><b>18 688 421</b></u>

#### 1) Generated from operations:

Result for the year	34 540 244	61 019 072
+Realized profit/loss on foreign exchange mortgage debt	1 251 719	4 478 606
+Unrealized profit/loss on foreign exchange rate contracts	1 758 727	4 939 522
+Ordinary depreciation	46 407 699	48 709 254
+Amortized financial contracts	654 307	656 100
+Amortized debt issuance cost	1 578 915	1 254 250
= Total generated from operations	<u>86 191 611</u>	<u>121 056 804</u>



**KNOT SHUTTLE TANKERS 24 AS**

**Notes to the Financial Statement 31.12.2021**

**1 Accounting Principles**

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

**Income**

The income from charter party is in USD, and is recorded in profit and loss on a straight line basis over the lease term, net of hedging impact.

**Inventories**

Inventories are valued according to the net realisable value principle.

**Fixed Assets and Dry-Docking**

The total cost of the vessel is capitalised at delivery and depreciated linearly to estimated net sales price at the end of estimated economic life. Normal economic life of shuttle tankers is estimated to 23 years from delivery as newbuilding. We use extended life or reduced life if there are commercial or technical indications that the 23 year profile for that specific entity is not correct, i.e. fixed charter contracts above 23 year age, commercial restrictions or technical conditions or requirements. Equipment or part of the vessels with a material cost or specific use that have another estimated life is evaluated separately.

Dry-docking expenses are capitalised and expensed over the period till the next dry-docking. This is in line with the depreciation plan of the vessel, and takes into account that the vessel is classified to operate for an additional period. Dry-docking is carried out every 5th year for vessels less than 15 years, and every 2.5 year for vessels more than 15 years. In the case of a newbuilding, a portion of the total cost of the vessel equal to the dry-docking cost is capitalised. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed.

The fixed assets are valued according to the lowest of the depreciated value and the market value unless the fall in value is assumed to be temporary.

**Transactions in Foreign Currency**

Income and expenditure in foreign currency are converted with the exchange rate at the time of the transaction.

We use hedge accounting for long term debt in foreign currencies. The expected net future nominal cash-flow in the same currency from chartering out vessel is the hedging instruments. The realized foreign exchange gain and -losses are booked together with the hedging instrument. We book realized- and unrealized foreign exchange gain/-loss for any uneffective part of the debt in foreign currencies over financial items.



## **Financial contracts**

The company will from time to time step into/take over interest rate contracts from other group or related companies. The transfer of interest rate swaps between companies will be done with the financial counterpart's participation and will be sold/transferred to the new party at market value. The seller will take the value as a financial gain or loss into the profit and loss statement and the purchasing company will capitalize the value and amortize the value linearly to zero over the contract period.

## **Interest-bearing loan and borrowings**

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the net profit and loss statement when the liabilities are devalued or depreciated, as well as through the amortization process.

## **Financial Instruments**

The treatment of foreign exchange and interest rate instruments depends on the intention behind the agreement. If the intention of the contracts is to hedge the company's exposure against fluctuations in interest rates and foreign exchange rates, then the income and expenses related to the hedging and the corresponding items in the balance sheet are classified in the same manner.

## **Tax**

The company have elected to be taxed based on the Norwegian tonnage tax regime. In the tonnage tax regime the company pay a tonnage tax based on the weight of the owned vessels and taxable result is based on a taxable financial result. This means that the company's operating results is not taxable. The taxable financial result is based on the net financial items in the profit and loss account where only a portion of the foreign exchange gain is taxable and a portion of the foreign exchange loss and interest expenses is deductible. The portion is based on the amount of financial assets compared to total assets in the balance sheet. The company will also have to pay a calculated tax on the equity if the equity exceed 70% of total capital.

Tonnage tax is classified as an operating expense in the profit and loss statement.

The calculated tax expenses in the profit and loss statement includes both the payable tax for the period in addition to the change in deferred tax. Deferred tax is calculated based on the temporary differences between the balance sheet values in the accounts and the tax values in addition to the tax loss carried forward at the end of the financial year. Tax increasing and decreasing changes in temporary differences that can be reversed in the same period are offset and the net value is taken into the accounts.

## **Cash flow statement**

The cash flow statement is presented using the indirect method of NRS. The liquidity balance is defined as the sum of cash, bank deposits and other short term liquid deposits.

## **Related party transactions**

The Company has undertaken several agreements and transactions with related parties in the Knutsen NYK Offshore Tankers Group and KNOT Offshore Partners Group. The level of fees are based on market terms and are in accordance with the arm's length principle. The company have no own employees and have outsourced management and crewing to related parties.



## 2 Contracts

The company vessel was redelivered after operating under a 5 year fixed contract with Brazil Shipping I Limited, a subsidiary of Royal Dutch Shell, in the end of 2021. The company agreed in February 2022 a five-month fixed, with 30 days further option, time-charter contract with Petroleo Brasileiro S/A - Petrobras. The vessel started to operate on the contract 23 February 2022. In December 2020, the company entered into a new three year fixed contract with Brazil Shipping I Limited, the contracts are schedule to commence in 2023.

KNOT Management AS operates as a manager on behalf of the company and the vessel in accordance with management agreement.

## 3 Bank deposits

The company doesn't have locked-up bank funds per 31.12.

## 4 Fixed Assets

<u>Vessel</u>	<u>2021</u>	<u>2020</u>
Historical value 1.1.	1 095 575 230	1 095 575 230
Accumulated depreciation 1.1.	178 922 101	135 098 047
Book value 1.1.	916 653 129	960 477 183
Annual depreciation	42 336 699	43 824 054
Book value 31.12.	874 316 430	916 653 129

The economic life of the vessels is estimated to 23 years, and is depreciated accordingly.

<u>Dry-docking</u>	<u>2021</u>	<u>2020</u>
Capitalised dry-docking	24 012 000	24 012 000
Accumulated depreciation dry-docking 1.1.	19 941 000	15 055 800
Capitalised dry-docking 1.1.	4 071 000	8 956 200
Additions/Disposals	7 417 241	0
Annual depreciation	4 071 000	4 885 200
Book value 31.12.	7 417 241	4 071 000
Total book value vessel 31.12.	881 733 671	920 724 129

The company changed in third quarter 2021 the useful life estimate for M/T Tordis Knutsen from 25 years to 23 years due to prevailing longer-term market trends. The company updated at the same time the estimated net sales price at the end of estimated life from NOK 0 at 25 years to estimated net sales price at end of the new estimated end of life.



## 5 Mortgage Debt, Loan from Associated Company and Financial Instruments

31-12-21	USD	Historical rate	Rate as at 31.12.	NOK
1. priority USD-loan	74 504 680	8,6933	8,4497	629 542 735
Deferred debt issuance				-6 596 492
				<u>622 946 243</u>
Current portion:				
USD-loan	5 324 932			44 994 117
Deferred debt issuance				-1 572 336
				<u>43 421 781</u>

31-12-20	USD	Historical rate	Rate as at 31.12.	NOK
1. priority USD-loan	75 871 000	8,4370	8,4370	640 123 627
Deferred debt issuance				-1 079 644
				<u>639 043 983</u>
Current portion:				
USD-loan	75 871 000			640 123 627
Deferred debt issuance				-1 079 644
				<u>639 043 983</u>

The USDNOK exchange rate at the year-end was 8,8363 (8,5375 in 31.12.2020).

The estimated outstanding debt per 2026 is USD 48 million.

The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in USD (cash flow hedge). Loans in USD are used as hedging instrument. The profit and loss impact of the hedging instrument (loan in USD) is presented together with the hedged risk. This implies that realized currency gain/losses on the loans are presented as an increase/reduction of operating income.

Future income flows from anticipated fixed contracts in USD exceed debt in USD. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate. Per 31.12.2021 the not recorded foreign exchange loss (i.e. off-balance) is NOK 29 million compared to a loss of NOK 8 million as per 31.12.2020.

Security for the loan is made through a first priority mortgage in the vessels, assignment of earnings, assignment of insurances, bank accounts, factoring agreement, pledged shares in the company, guarantees from the owner, and undertakings from the manager.

Book value of mortgaged assets is NOK 957 million (NOK 948 million last year).

The company has aimed to reduce the market risk by entering financial contracts. The company has entered long term freight contracts in USD, with the intention of having income, vessel investment and loans in the same currency in order to minimize the effects of exchange rate fluctuations. The company has also entered into interest rate swap contracts to reduce the effects of exchange rate fluctuations. The company has entered agreements on fixed rates on USD 107 million. Mark to market loss on interest swaps have not been taken into account with USD 1.7 million (loss of USD 4.9 million last year). Inefficient part of interest swap contract is been taken into account with USD 0.8 million.

<u>Acquired interest swaps</u>	2021	2020
Book value 01.01.	2 740 913	3 397 013
Amortization	654 307	656 100
Book value 31.12.	<u>2 086 606</u>	<u>2 740 913</u>



## 6 Financial Income and -Expenses

	<u>2021</u>	<u>2020</u>
<b>Financial Income:</b>		
Dividend	345 803	0
Other interest income	3 879	78 530
Total financial income	<u>349 682</u>	<u>78 530</u>
<b>Financial expenses:</b>		
Inefficient part of interest rate swap	1 758 727	4 939 522
Interest expenses	28 536 647	30 454 654
Guarantee cost from related parties	3 116 003	3 574 071
Other financial expenses	347 891	311 212
Total financial expenses	<u>33 759 269</u>	<u>39 279 459</u>

## 7 Balances with related parties

	<u>2021</u>	<u>2020</u>
<u>Receivables</u>		
Knutsen OAS Shipping AS	238 825	98 817
KNOT Management AS	4 605 006	1 884 410
Knutsen Produkt Tanker XII AS	1 307	0
	<u>4 845 138</u>	<u>1 983 227</u>
<u>Accounts payable</u>		
Knutsen OAS Shipping AS	1 574 593	636 125
Knutsen OAS Crewing AS	107 933	57 864
KNOT Shuttle Tanker 31 AS	148	0
KNOT Management AS	149 717	138 338
Knutsen OAS Management AS	1 880	0
	<u>1 834 271</u>	<u>832 327</u>

## 8 Remuneration

The company have not paid salary or any other remuneration, nor given any loan or guarantees to any leading person or board members during the year.

	<u>2021</u>	<u>2020</u>
Auditors remuneration (excl. VAT):		
Audit	18 819	37 638
Other services besides audit	0	0
	<u>18 819</u>	<u>37 638</u>

## 9 Equity

Specification of the equity per 31.12.

	Share capital	Additional paid-in capital	Other equity	Total equity
Equity 01.01.	100 000	227 081 265	69 896 047	297 077 312
Extraordinary dividend paid-out	0	-3 743 725	-15 692 815	-19 436 540
Result for the year	0	0	34 540 244	34 540 244
Equity 31.12.	<u>100 000</u>	<u>223 337 540</u>	<u>88 743 476</u>	<u>312 181 016</u>

Share capital consist of 100 shares à NOK 1,000, all held by KNOT Shuttle Tankers AS.

The company is controlled 100% by KNOT Offshore Partners LP. Accounting for the Group can be obtained from the website, <http://knotoffshorepartners.com/>.



## 10 Shares Owned by Board Members and Affiliates

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the company Knutsen NYK Offshore Tankers AS, which controls 30,47% of KNOT Offshore Partners LP.

## 11 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 22% on the company's net financial income. At the same time companies within the tonnage tax scheme will have to pay a tonnage tax based on the size of the company's operated vessels, which amounted to NOK 156 174 (NOK 156 174 last year). Tonnage tax is classified as an operating expense.

Below is a specification of the temporary differences at the end of the financial year.

	31.12.2021	Change	31.12.2020
Interest rate swaps	-6 698 249	-1 758 727	-4 939 522
Deductible interest carried forward	-6 333 146	0	-6 333 146
Loss carried forward	-58 818 132	-17 774 405	-41 043 727
Basis for deferred tax (benefit)	-71 849 527	-19 533 132	-52 316 395
Deferred tax (benefit)	0	0	0

Deferred tax assets related to losses carried forward are only recognized to the extent that there is convincing evidence that these will be utilized in the future.

Taxable result tonnage tax scheme:

	2021	2020
Net financial Items	-31 439 969	-40 049 292
Non-taxable currency gain	-2 832 773	687 911
Non-deductible interest	15 075 038	21 834 423
Unrealized interest rate swaps	1 758 727	4 939 522
Other deductible items	-335 429	-4
Taxable income before loss carried forward	-17 774 405	-12 587 440
Loss carried forward	-17 774 405	-12 587 440
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0

## 12 Crew

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew from related parties.

	2021	2020
Grants crew expenses	1 777 749	2 203 933

## 13 Inventories

Inventories refer to lube oil and stores as per 31.12. (NOK 1.6 million) and bunkers (NOK 5.5 million)



Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the Shareholders' Meeting of KNOT Shuttle Tankers 24 AS

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the financial statements of KNOT Shuttle Tankers 24 AS (the company) which comprise the balance sheet as at December 31, 2021, the statement of income and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements present fairly in all material respects the financial position of the Company as at December 31, 2021 and (of) its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the management for the Financial Statements

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 10 March 2022  
Ernst & Young AS

Johan Lid Nordby  
State Authorised Public Accountant  
(This document is signed electronically)

Independent auditor's report - Knot Shuttle Tankers 24 AS

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## Johan Nordby

Statsautorisert revisor

On behalf of: Ernst & Young AS

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